



Individuals with Disabilities Education Act, Part C

State Guidance to Area & Local Education Agencies

April 21, 2009

State of Iowa
Department of Education
Grimes State Office Building
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Des Moines IA 50319-0146

State Board of Education

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If you have questions or grievances related to compliance with this policy by the Iowa Department of Education, please contact the legal counsel for the Iowa Department of Education, Grimes State Office Building, 400 E 14th St, Des Moines IA 50319-0146, telephone number 515/281-5295, or the Director of the Office for Civil Rights, U.S. Department of Education, 111 N. Canal Street, Suite 1053, Chicago, IL 60606-7204.

Overview: The American Recovery and Reinvestment Act (ARRA)

Principles: The overall goals of the American Recovery and Reinvestment Act (ARRA) are to stimulate the economy in the short term and invest in education and other essential public services to ensure the long-term economic health of our nation. The success of the education part of ARRA, commonly referred to as the federal stimulus package, will depend on the shared commitment and responsibility of students, parents, teachers, principals, superintendents, education boards, college presidents, state school chiefs, governors, local officials, and federal officials. Collectively, we must advance ARRA's short-term economic goals by investing quickly, and we must support ARRA's long-term economic goals by investing wisely, using these funds to strengthen education, drive reforms, and improve results for students from early learning through college. Four principles guide the distribution and use of ARRA funds:

1. **Spend funds quickly to save and create jobs.** ARRA funds will be distributed quickly to states, local education agencies (LEAs), area education agencies (AEAs), institutes of higher education (IHEs), and other entities in order to avert layoffs and create jobs. States, LEAs, AEAs, and IHEs in turn should move rapidly to develop plans for using funds, consistent with the ARRA's reporting and accountability requirements, and to promptly begin spending funds to help drive the nation's economic recovery.
2. **Improve student achievement through school improvement and reform.** ARRA funds should be used to improve student achievement, and help close the achievement gap. In addition, the State Fiscal Stabilization Fund (SFSF) requires progress on four reforms previously authorized under the bipartisan Elementary and Secondary Education Act and the America Competes Act of 2007:
 - a. Making progress toward rigorous college- and career-ready standards and high-quality assessments that are valid and reliable for all students, including English language learners and students with disabilities;
 - b. Establishing pre-K to college and career data systems that track progress and foster continuous improvement;
 - c. Making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need; and
 - d. Providing intensive support and effective interventions for the lowest-performing schools.
3. **Ensure transparency, reporting, and accountability.** To prevent fraud and abuse, support the most effective uses of ARRA funds, and accurately measure and track results, recipients must publicly report on how funds are used. Due to the unprecedented scope and importance of this investment, ARRA funds are subject to additional and more rigorous reporting requirements than normally apply to grant recipients.

Invest one-time ARRA funds thoughtfully to minimize the "funding cliff." ARRA represents a historic infusion of funds that is expected to be temporary. Depending on the program, these funds are available for only two to three years. These funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires.

Questions & Answers: IDEA, Part C Funds

The American Recovery and Reinvestment Act of 2009 (ARRA) (Public Law 111-5) appropriates significant new funding for programs under Part C of the Individuals with Disabilities Education Act (IDEA).

Part C of IDEA provides annual federal Grants to each state's lead agency, designated by the Governor, to implement statewide systems of coordinated, comprehensive, multidisciplinary interagency programs for early intervention services to infants and toddlers with disabilities and their families. The IDEA ARRA funds provide an unprecedented opportunity for states and early intervention service programs to implement innovative strategies to improve outcomes for infants and toddlers eligible for Part C while stimulating the economy.

The IDEA ARRA funds are provided under three authorities:

- \$11.3 billion available under Part B Grants to States;
- \$400 million available under Part B Preschool Grants; and
- \$500 million available under Part C Grants for Infants and Families Program.

Civil Rights Obligations

1. Does the receipt of IDEA, Part C, ARRA funds require recipients to comply with civil rights laws?

Yes. The receipt of federal funds obligates recipients to comply with civil rights laws that prohibit discrimination based on race, color, national origin, gender, disability, and age. For additional information see: <http://www.ed.gov/policy/gen/leg/recovery/notices/civilrights.html>.

Allocations: IDEA, Part C Funds

(Part C Grants for Infants and Families Program: \$500 million)

1. How and when will Individuals with the Individuals with Disabilities Education Act (IDEA), Part C, American Recovery and Reinvestment Act of 2009 (ARRA) funds be allocated to the state lead agency?

The U.S. Department of Education awarded 50 percent of the Iowa IDEA, Part C, ARRA funds on April 1, 2009. The other 50 percent will be awarded to Iowa by September 30, 2009. These awards will be in addition to the regular fiscal year (FY) 2009 IDEA Part C Grant awards that will be made on July 1, 2009. Together, these grant awards will constitute a state's total FY 2009 Part C Grants for Infants and Families program allocation.

2. What must an area education agency (AEA) do to receive IDEA, Part C, ARRA funds?

Regional Grantees (or AEAs) and Signatory Agencies will receive the first 50 percent of the Part C, ARRA funds based on the state's eligibility established for FY 2008 IDEA Part C funds and its provision of the certification required by section 1607 of the ARRA. The assurances, certifications, and other information provided in the AEA's FY 2008 Part C regional AEA application will apply to these ARRA funds, as well as the requirements of the ARRA.

In order to receive remaining funds, Regional Grantees (AEA) and Signatory Agencies will submit, for review and approval by the Lead Agency (Iowa Department of Education), a separate application that addresses a plan for use of the ARRA funds and how the agency/grantee will meet the accountability and reporting requirements in section 1512 of ARRA. The Iowa Department of Education (DE) will issue specific guidance for preparing and submitting this application, recordkeeping, reporting information, and other guidance governing ARRA funds in the next weeks.

3. How are the IDEA, Part C, ARRA funds to be allocated, and what is the availability of the funds?

The IDEA, Part C, ARRA funds will be allocated to support the interagency system:

Interagency System	Percent of Funding
Lead Agency (Iowa Department of Education)	11%
Regional Grantees (AEAs)	80%
Signatory Agencies	9%

Regional Grantees will be required to expend 25 percent of their allocation to strengthen Early ACCESS regional partnerships with Signatory Agencies (more guidance will be provided with application requirements).

Regional Grantees (AEA) and Signatory Agencies must obligate all IDEA, Part C, ARRA funds by September 30, 2011. In accordance with the goals of ARRA, agencies/grantees should obligate IDEA ARRA funds as soon as possible, consistent with prudent management. Regional Grantees (AEA) and Signatory Agencies may begin obligating IDEA, Part C, ARRA funds immediately. Costs are allowable beginning February 17, 2009, the effective date of the ARRA funds.

Use of Funds: IDEA, Part C, ARRA Funds

- 1. Will restricted indirect cost provisions in Education Department General Administrative Regulations (EDGAR) apply to the Lead Agency's use of Individuals with Disabilities Education Act (IDEA), Part C, American Recovery and Reinvestment Act (ARRA) funds?**

Yes. AEAs may calculate their restricted indirect costs on the IDEA Part C, ARRA funds in the same way as they calculate indirect costs on their regular IDEA grant award under 34 CFR Part 76. If an AEA indicated in its fiscal year (FY) 2008 Part C application that it would not charge indirect costs to its Part C grant, it is assumed that indirect costs will also not be charged to its IDEA, Part C, ARRA funds.

- 2. How might the ARRA funding affect indirect cost recoveries by grantees?**

In order to obtain indirect cost recoveries, grantees are allowed to apply their currently negotiated indirect cost rate to expenditures incurred under the ARRA. The negotiated indirect cost rate for the current fiscal year is based on actual cost information from a prior fiscal year. Therefore, applying the currently negotiated indirect cost rate to the increased funding under ARRA (which was not considered in the rate calculation) could result in an over-recovery of indirect costs in the current period. Such an over-recovery will be adjusted in a future fiscal year, thereby reducing indirect cost recoveries during that future period. In order to avoid a future compounding effect of less program dollars and reduced indirect costs, it is recommended that grantees closely monitor the potential impact of the ARRA on their indirect cost recoveries and consider making appropriate adjustments during the current periods. Such adjustments will lessen the dollar impact in future years and allow for stability in future budgets. Adjustments to indirect cost recoveries should first be discussed with the cognizant Federal agency.

Waivers and Authorized Uses of ARRA Funds

- 1. Does the ARRA provide any authority for the U.S. Department of Education Secretary to grant waivers for maintenance of effort (MOE) under Part C of the IDEA?**

No. The Secretary does not have authority to grant waivers under IDEA for Part C's MOE (which are Part C's supplement not supplant) requirements under section 637(b)(5)(B) of the IDEA and 34 CFR §303.124. These provisions require each Lead Agency to ensure that the total amount of state and local expenditures on early intervention budgeted for a particular fiscal year are at least the amount of such funds expended in the prior fiscal year.

- 2. What provisions of the EDGAR and the General Education Provisions Act (GEPA) apply to use of the IDEA, Part C, ARRA funds?**

All provisions of the EDGAR and GEPA, as well as those in the IDEA, that currently apply to the IDEA Part C funds also apply to the IDEA, Part C, ARRA funds. AEAs may use IDEA Part C funds, including the IDEA, Part C, ARRA funds, for all allowable purposes under Part C of the IDEA identified in section 638 and consistent with the applicable provisions of GEPA and EDGAR. Similarly, Regional Grantees must use IDEA, Part C, ARRA funds for the allowable purposes identified in section 638 of the IDEA, which includes providing early intervention services to infants and toddlers with disabilities and their families.

- 3. May IDEA Part C funds, including IDEA, Part C, ARRA funds, be used for construction or alteration of facilities?**

No.

- 4. May IDEA Part C funds, including IDEA, Part C, ARRA funds, be used to purchase equipment?**

Section 605 of the IDEA authorizes the Secretary to allow the use of IDEA Part C funds for the acquisition of equipment if the Secretary determines that the program would be improved by allowing funds to be used for these purposes. The Secretary has determined that the Part C program would be improved by allowing IDEA Part C funds, including IDEA, Part C, ARRA funds, to be used for the acquisition of equipment in appropriate circumstances. In general, to be able to use IDEA Part C funds for these costs, the Iowa Department of Education (DE) must obtain the prior approval of the U.S. Department of Education for the DE's use of IDEA Part C funds for these costs; and AEAs will need to obtain the prior approval of the DE for the AEA's use of

IDEA funds for these costs. (See 2 CFR Part 225, Appendix B, 15.b.) For purposes of these prior approval requirements, “equipment” is defined to mean an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the governmental unit for financial statement purposes, or \$5,000. (See 2 CFR Part 225, Appendix B, 15.a)

Reporting: ARRA Reporting Requirements

1. Are states required to track Individuals with Disabilities Education Act (IDEA), Part C, American Recovery and Reinvestment Act (ARRA) funds separately from regular IDEA, Part C funds?

Yes. ARRA requires that recipients of funds made available under that Act separately account for, and report on, how those funds are spent. The U.S. Department of Education (USDE) has assigned a new Catalog of Federal Domestic Assistance (CFDA) number to the IDEA, Part C, ARRA funds in order to facilitate separate accounting for the funds. Recipients will need to maintain accurate documentation of all ARRA expenditures to ensure that the data reported is accurate, complete, and reliable. The DE will be expected to monitor sub-grantees to help ensure data quality and the proper expenditure of ARRA funds. Further information on ARRA reporting instructions will be provided shortly.

2. Are there rules that govern the amount of IDEA, Part C, ARRA funds that the DE and Regional Grantees (AEA) and Signatory Agencies may draw down at any one time?

Yes. The DE must have an effective system for managing the flow of funds that ensures that it and its agencies/grantees are able to draw down funds as needed to pay program costs but that also minimizes the time that elapses between the transfer of the funds and their disbursement by the DE or agencies/grantees, in accordance with U.S. Department of the Treasury regulations at 31 CF. Part 205. (See 34 CFR §80.21(b).) The DE and agencies/grantees must promptly, but at least quarterly, remit to the USDE interest earned on advances (34 CFR §80.21(i)). The USDE will take appropriate actions against grantees and sub-grantees that fail to comply with this requirement.

3. What information is a state required to include in its quarterly reports under the ARRA?

The DE is required to submit reports containing the information required under section 1512(c) of the ARRA. These reports must be submitted not later than 10 days after the end of each calendar quarter. OMB is expected to issue government-wide guidance on the ARRA reporting requirements and procedures.

4. What are our shared responsibilities for ensuring that all funds under the ARRA are used for authorized purposes and instances of fraud, waste, and abuse are prevented?

All ARRA funds must be spent with an unprecedented level of transparency and accountability. Accordingly, Signatory Agencies must maintain accurate, complete, and reliable documentation of all IDEA, Part C funds ARRA expenditures. The ARRA contains very stringent reporting requirements and requires that detailed information on the uses of funds be available publicly.

The DE has important oversight responsibilities and must monitor grant and subgrant activities to ensure compliance with all applicable Federal requirements. If the Signatory Agency fails to comply with requirements governing the use of IDEA, Part C, funds, the USDE may, consistent with applicable administrative procedures, take one or more enforcement actions, including withholding or suspending, in whole or in part, IDEA, Part C, funds or recovering misspent funds following an audit.

The ARRA establishes the Recovery Act Accountability and Transparency Board, which is responsible for coordinating and conducting oversight of spending under the ARRA to prevent fraud, waste, and abuse. The USDE's Office of Inspector General (OIG) will conduct comprehensive audits of ARRA implementation activities. In addition, Department program offices will closely monitor these activities.

Resources:

American Recovery and Reinvestment Act (ARRA) Iowa Department of Education
www.iowa.gov/educate/

American Recovery and Reinvestment Act of 2009 U.S. Education Department
www.ed.gov/policy/gen/leg/recovery/index.html

Part B (3 to 21) IDEA ARRA funds:
<http://www.ed.gov/policy/gen/leg/recovery/guidance/idea-b.pdf>

Part C (Birth-3) IDEA ARRA funds:
<http://www.ed.gov/policy/gen/leg/recovery/guidance/idea-c.pdf>

State Fiscal Stabilization Funds under the ARRA:
<http://www.ed.gov/programs/statestabilization/guidance.pdf>

Iowa's Economic Recovery
recovery.iowa.gov/

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